



Chicago Jobs Council

PAYCHECKS AND POVERTY:

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REAL HOUSEHOLD BUDGETS OF WELFARE-TO-WORK PARTICIPANTS

APRIL 2002

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* Names are randomly created for the case studies. All surveys were completed anonymously.

EXECUTIVE SUMMARY

In order to shed light on the individual financial and personal situations facing Illinois' current and former welfare recipients, the Chicago Jobs Council (CJC) engaged the expertise of our Welfare-to-Work Working Group members to conduct surveys of, and convene focus groups with, clients of their employment service programs. As a result of these efforts, CJC received 88 low-income household budget surveys and gained 27 different perspectives from focus group participants. Through specific case studies, this report shows the human consequences of Illinois' "work first" welfare policies, and provides valuable insight for policymakers, service providers, advocates and the public on strategies still needed to assume an end to poverty.

The case studies provided in this report also illustrate:

- 1. The relationship between families' access to various supports and their financial stability.*
- 2. The gap between wages earned by families and the income needed to achieve self-sufficiency.*
- 3. The financial barriers and opportunities that arise when moving from welfare to work.*
- 4. The current state of the public safety net, unchanged to meet the needs of families in the current economic recession and tight job market.*

Ultimately, the case studies show that families remain impoverished despite their best efforts to meet the requirements of Illinois' welfare program through paid or unpaid work:

- Ms. Parker* works 30 hours/week at minimum wage to support her four school-age children, and struggles with a \$104 monthly debt even if she accesses all available aid.
- Ms. Johnson works full-time at \$8/hour and has only \$58 at the end of the month to pay for her and her 11-year-old's medical, school, transportation and grocery expenses.
- Ms. Castillo works full-time at \$12/hour and lives in debt with her preschooler and 9-year-old after paying for all essential living costs.
- Ms. Allen meets welfare's 30-hours-per-week work requirement, but can't pay for her family's minimal expenses with the cash grant she and her three young children receive.

If we believe no one should live in poverty, we have failed to create public policies that support families' best efforts to achieve self-sufficiency. The continued hardships of the Parkers, Johnsons, Castillos, and Allens – and families like them across Illinois – result from a lack of resources and strategies that provide lasting solutions to poverty. To aim for poverty reduction, public policies must provide and guarantee access to:

- 1. Income support levels sufficient to ensure adequate housing, nutrition, and health care.*
- 2. Incentives to pay child support by "passing through" all child support collected.*
- 3. Flexibility in welfare rules that meet the individual needs of recipients.*
- 4. Education and training that enhances parents' skills and earning capacities.*
- 5. Career counseling that focuses on the quality of initial jobs and opportunities for mobility.*
- 6. Maximized work supports that help families keep and move up in their jobs.*
- 7. Accessible aid through linked eligibility requirements, applications, and claim sites.*
- 8. Public/private efforts that raise the minimum wage, enhance employee assistance programs, and provide career-ladder workplace training.*
- 9. Expansion of unemployment insurance to protect new and low-income workers laid off.*
- 10. Tax policies and asset accumulation strategies that secure families' financial futures.*

We must make wise investments in our human capital to ensure that our most vulnerable citizens can take advantage of an economic boom and withstand an economic downturn. The important and informative life stories that follow demand our attention and concern.

* Names are randomly created for the case studies. All surveys were completed anonymously.

INTRODUCTION

REAL HOUSEHOLD BUDGETS OF WELFARE-TO-WORK PARTICIPANTS

While many valuable statewide studies document the impacts of Illinois' welfare policies, they were never meant to tell the individual stories behind the aggregated data. And so poverty remains faceless, and the distinct circumstances of living in poverty remain invisible. In order to shed light on the particular situations facing current and former welfare recipients, the Chicago Jobs Council (CJC) engaged our Welfare-to-Work Working Group members to conduct surveys of, and convene focus groups with, clients of their employment service programs. This report features case studies of four survey respondents' household budgets, and the voices of six focus group participants, to tangibly illustrate Chicagoans' financial and personal struggles under welfare reform. The important and informative life stories shared here provide valuable insight for policymakers, service providers, advocates and the public on strategies still needed to assume an end to poverty.

POLICY ENVIRONMENT

Congressional welfare reform in 1996 overhauled the nation's existing welfare program, replacing it with new rules and a new name – the Temporary Assistance for Needy Families (TANF) program. TANF legislation imposes a five-year lifetime limit on aid receipt and eliminates the federal entitlement to cash assistance, requiring welfare recipients to participate in defined work activities in order to receive aid. The law also shifts program responsibility to states and monetarily rewards states for significant reductions in their caseloads. Because of TANF's emphasis on work participation and caseload reduction, most states, including Illinois, employ two primary strategies in their welfare programs:

1. "Work First" programs that rapidly move people into low-wage jobs; and,
2. Administrative procedures that discourage new TANF applicants and cut aid from TANF recipients.

Illinois continues to under-utilize worthy policies that would ultimately enhance welfare recipients' ability to move out of poverty – even though the state receives federal caseload reduction credits for its sharp caseload declines, and is exempt from meeting standard work participation rates.¹ Illinois must adopt new strategies and commit to existing vocational education policies that are proven to lead families to permanent self-sufficiency.

HOW TO USE THIS REPORT

Through family case studies and individual quotes, this report shows the human consequences of Illinois' welfare policies, and provides valuable insight for policymakers, service providers, advocates and the public on strategies still needed to reduce poverty. Specifically, the case studies also illustrate:

1. The relationship between families' access to various supports and their financial stability.
2. The wages earned by families compared to *The Self-Sufficiency Standard for Illinois*, which estimates, according to family size and geographical boundaries, the minimum income needed to satisfy basic needs without relying on public or private assistance.
3. The financial barriers and opportunities that arise when families transition from welfare to work, including changes to expenses, subsidies and other income after employment.
4. The current state of the public safety net, unchanged to meet the needs of families in the current economic recession and tight job market.

We hope readers will share these stories to highlight needed policy changes, which can be effected by local, state and federal authorities at any time, or when Congress reauthorizes TANF law this year.

SURVEY AND FOCUS GROUP METHODOLOGY

Household Budget Surveys: CJC created two brief survey instruments that would generally gauge families' most essential incomes and expenses. One survey, referred to as the "unemployed" survey, was designed for families whose primary source of income was either solely derived from, or a combination of, welfare checks, disability benefits, child support and food stamps (see Appendix A). The other survey instrument, referred to as the "working" survey, was designed for families whose primary source of income was from wages earned through paid work (see Appendix B). CJC distributed both surveys to its working group members, whose clients voluntarily and anonymously completed the relevant survey on their own. Between April 2000 and June 2001, CJC received surveys from eight service providers' clients, totaling 88 families. The three working surveys highlighted in the case studies were chosen based on the respondents' earnings: the lowest wage reported (\$5.15/hour); the wage equal to the surveys' median wage (\$8/hour); and the highest full-time wage reported (\$12/hour). One unemployed survey is highlighted because it most closely resembles the aggregate unemployed survey results. (Appendices C and D aggregate results of all unemployed and working surveys, respectively).

Welfare Recipient Focus Groups: In August 2001, CJC staff and members convened four separate focus groups to discuss with current and former TANF recipients their experiences with the Illinois welfare system and their perspectives as parents, jobs seekers and breadwinners. Focus groups included different segments of the welfare population, including teen parents; immigrants and refugees; and recipients both with and without long work histories. A total of 27 current and former welfare recipients participated. (See Appendix E for the topics discussed). Their insights were documented in facilitator notes as well as on audiotapes that were subsequently transcribed. Specific quotes from these focus groups are offered in sidebars throughout this report.

UNDERSTANDING THE MONTHLY BUDGET TABLES

The budget tables for all four case studies reflect the income and expenses reported on the highlighted families' surveys. The data in each working budget table are separated into three different columns, as shown and discussed below.

WORKING BUDGET TABLE: PARENT WORKING X HRS/WK @ \$Y/HR WITH Z CHILDREN AGES A, B AND C

	BARE MINIMUM BUDGET: If The Family Relied Only On A Paycheck	CURRENT BUDGET: The Family's Paycheck Plus All Of The Supports They Reported Receiving	MAXIMUM POTENTIAL BUDGET: If The Family Accessed All Of The Supports Available
Monthly Income			
Line items organized according to survey instrument (Parenthetical notes indicate additional information)	\$	\$	\$
Total Monthly Income	\$	\$	\$
Monthly Expenses			
Line items organized according to survey instrument (Parenthetical notes indicate additional information)	\$	\$	\$
Total Monthly Expenses	\$	\$	\$
Surplus/Deficit Before Budgeting Tax Refunds*	\$	\$	\$
Monthly Share of Federal Income Tax Refund	**—	\$	\$
Monthly Share of State Income Tax Refund	—	\$	\$
Final Balance If Family Budgeted Income Tax Refunds	\$	\$	\$

* Federal and state income tax refunds are intentionally separated from the initial monthly balances because most families do not budget their annual refunds. Instead, they use them at the time of receipt to pay for one-time large purchases or outstanding bills.

** One or two dashes across a row indicate that data is inapplicable to the relevant column. Three dashes across a row indicate that the family is ineligible for that particular income-support line item.

The “bare minimum budget” reflects the family’s survey results if it only relied on the parent’s paycheck as its sole source of income. The “current budget” represents all of the data reported by the family, including the parent’s paycheck and all of the income supports currently received. The “maximum potential budget” illustrates the calculations CJC made to reflect subsidies for which the family is eligible but does not access, or additional expenditures that would benefit the family in the long term, like child medical coverage and child care.

These column divisions accurately reflect families’ survey results as compared to best-case budget scenarios. In fact, the relationship between a family’s access to various supports and its resulting financial stability can be determined by looking across the monthly balances in the budget table.

Furthermore, the survey instrument only captured a family’s most essential expenses rather than every expense. To illustrate this, each budget table is followed by the figure below that shows other expenses that the family may need to pay with its “maximum potential” budget surplus (or deficit in some cases):

Finally, the report provides the budget calculation methodology in Appendix F for any questions about specific line items and their computations. However, there are two points that beg further discussion here:

1. The budget tables intentionally separate federal and state income tax refunds from the initial monthly balances, not to deny the significance of tax policies like the Earned Income Tax Credit as an anti-poverty strategy, but because most families do not budget their annual refunds. Instead, most families use their annual refunds at the time of receipt to pay for one-time large purchases or outstanding bills.
2. When analyzing the figures in the “maximum potential budget” in particular, it is important to note that a number of dependent variables affect certain line item calculations. Increasing or decreasing one line item sometimes results in increasing or decreasing another. For example, variables that affect food stamp budgeting include changes in TANF income or child support payments, or child care, rent and utilities expenses. Furthermore, federal tax refunds are affected by variations in TANF income, food stamp allotments and child care expenses, as well as receipt of the Advance Earned Income Tax Credit.

All of these variables are accounted for in the calculations; and more importantly, illustrate the complicated and discouraging process of accessing multiple work and income supports – a process that welfare recipients and their case managers must navigate every day.



CASE STUDIES

THE PARKERS

THE PARKERS CAN'T MAKE ENDS MEET AT MINIMUM WAGE

The Parker family cannot meet its basic needs, much less any other expenses, with the combination of income reported on its survey. Ms. Parker works 30 hours per week to support herself and her four children, ages 8, 10, 11 and 14. Her \$5.15/hour wage is nearly 80 percent below the \$23.47 needed to support her family according to *The Self-Sufficiency Standard for Illinois*.² Ms. Parker supplements her low wage with a reduced TANF cash grant as well as food stamps, but the family's moderate expenses exceed these resources. What's more, even if the Parkers access all of the income and work supports available to them, they still cannot "break even" (see Budget Table I).

KEY ISSUES AND CONSIDERATIONS:

Work Hours. Ms. Parker's work hours (30 per week) reflect a common schedule for new workers who have recently left welfare.³ Moreover, many families struggle with work-schedule decisions. Parents may need to care for a disabled child; or available work hours may be incompatible with available child care or transportation.

My son's been kicked out of one or two daycares; I have letters that say that he has a disability...I took my son over there and in two hours, 'take your son, take him, take him.' ...There's times when they call me twice a week and say I have to sit there with him in school..."

Rika, TANF recipient speaking at a CJC focus group of her struggles to work while caring for a son with a behavioral disability

Education and Training. Ms. Parker's low wage suggests that she would benefit from education and training provided by investments made with government funds. Education and training helps TANF recipients to gain between \$5,000 and \$10,000 of annual income.⁴ Conversely, each year of work experience is only worth 10 cents per hour.⁵

"I have worked before.... Sometimes I cannot buy things for my daughters. Sometimes when they are sick, I can't pay for medication. If I don't pay the rent, I lose my apartment. Some medications the medical card doesn't cover. Sometimes I don't have enough money for food. Right now, I have not received food stamps for a month. I don't have any food at my house. I was feeding my baby only with water and sugar because I didn't have milk at home."

Ralle, TANF recipient and mother of three young children speaking at a CJC focus group

Housing. The Parkers pay \$650 in rent but indicate that they are not paying rent right now, suggesting that they either receive a housing subsidy or face the threat of eviction. Only 20 percent of Illinois' welfare recipients receive housing subsidies.⁶ Conversely, working families are the fastest growing homeless population. In a survey of 481 Chicago families living in homeless shelters, 44 percent reported that their TANF cash grants were stopped or reduced.⁷ If the Parkers are in fact behind on their rent, their financial and personal well being is in serious jeopardy. They cannot receive crisis assistance from the state until they show that they have been evicted.

Food Stamps. The Parkers' food stamp allotment is significantly higher than \$278 if they receive credits for paying their \$650 rent and \$34.66 child care co-pay through the state's child care subsidy program, as shown in their "maximum potential budget."

Missed Opportunity: Earned Income Tax Credit. Ms. Parker reported on her survey that she did not access the EITC, a valuable tax refund for working poor families. By not receiving their EITC, the family "lost" \$255.38 of monthly income (i.e., the sum of their \$110 Advance EITC and the \$145.38 monthly portion of their annual Net EITC).

THE PARKERS' HOUSEHOLD BUDGET

Budget Table I: Single parent working 30 hrs/wk @ \$5.15/hr with four children ages 8, 10, 11 and 14

	BARE MINIMUM BUDGET: If The Parkers Relied Only On A Paycheck	CURRENT BUDGET: The Parkers' Paycheck Plus All Of The Supports They Reported Receiving	MAXIMUM POTENTIAL BUDGET: If The Parkers Accessed All Of The Supports Available
Monthly Income			
Net Wages	570.72	570.72	570.72
Advance Earned Income Tax Credit (EITC)	—	—	110
TANF Cash Grant/Work Pays	—	268	279
Supplemental Security Income (SSI)	—	—	—
Child Support	—	—	50
Food Stamps	—	278	537
Other	0	0	0
Total Monthly Income	570.72	1116.72	1546.72
Monthly Expenses			
Adult Medical Coverage (via Medicaid)	0	0	0
Child Medical Coverage (via Medicaid)	0	0	0
Rent	650	650	650
Utilities (electricity, phone, gas)	300	300	300
Groceries	400	400	537
Transportation (public transportation is primary mode)	75	75	75
Child Care (14 yr-old doesn't qualify for state subsidy)	0	0	34.66
School Breakfasts & Lunches (eligible for free meals)	0	0	0
Miscellaneous*	200	200	200
Total Monthly Expenses	1625	1625	1796.66
Surplus/Deficit Before Budgeting Tax Refunds	-1054.28	-508.28	-249.94
Monthly Share of Federal Income Tax Refund*	—	0	145.38
Monthly Share of State Income Tax Refund*	—	0	0
Final Balance If Family Budgeted Income Tax Refunds	-1054.28	-508.28	-104.56

* 1) Miscellaneous includes clothing, shoes, paper products, cleaning products and household items, personal hygiene items, and nonprescription medicine. 2) The family does not currently access the EITC in any form, and no taxes are withheld from their small paycheck. The "maximum" federal income tax refund only includes their Net EITC; they are ineligible for the Child Tax Credit.

MAXIMUM BUDGET SHORTFALL

sickness and emergencies
work hours missed due to illness
of adult or child
medical expenses not covered by insurance
medical or other financial emergencies

work-related expenses
uniforms
haircuts
co-workers' celebrations or fundraisers
an occasional lunch out



children's school expenses
school supplies
student bus fares to school
sports fees
field trips
school pictures

debt repayment

gifts
church contributions
gifts for birthdays and holidays

furniture

THE JOHNSONS

THE JOHNSONS MUST PUZZLE TOGETHER A COMPLICATED BUDGET JUST TO GET BY

Ms. Johnson works 40 hours per week at \$8/hour to support herself and her 11-year-old. Ms. Johnson's \$8/hour wage equals the surveys' median wage and is higher than the state's median wage (\$7) for welfare leavers.⁸ However, it is 41 percent below the \$13.64 needed to support her family according to *The Self-Sufficiency Standard for Illinois*.⁹ In fact, the Johnsons are doing without key basic needs, such as child medical coverage, rent and adequate food. And, Ms. Johnson's earnings make the family ineligible for TANF and food stamps. As a result, the Johnsons must figure out the eligibility requirements and processes for accessing other supports in order to get out of debt. Even when they have all of the necessary information, they must make some tough decisions about using the supports available to them. As Budget Table II surprisingly illustrates, the Johnsons are in better financial shape if they do not puzzle together certain supports.

KEY ISSUES AND CONSIDERATIONS:

Child Care. As done for every case study, we calculated the Johnson's co-pay for the state's child care subsidy program and reflect that amount in their "maximum potential budget." (See Appendix F, Budget Calculation Methodology, for rationale). However, it is the Johnsons' child care co-pay that ultimately makes their "maximum potential budget" look worse than their "current budget." This illustrates the tough decisions the Johnsons must make when weighing their personal well-being against their financial well-being. Should Ms. Johnson rely on family, friends or neighbors for free child care, or ask her 11-year-old to stay at home alone, to forego the costs associated with a more formal child care arrangement?

Child Support. If Ms. Johnson chose to pursue it, child support could be another source of income. However, seeking child support payments is not an option for all families for reasons particular to each case, including the unemployment of, total absence of, or physical abuse by the non-custodial parent, as well as the nominal shares of child support passed through to the child(ren). The \$10 included in the budget table represents a minimum child support payment based on relevant state law (see Appendix F).

Missed Opportunity: Child Medical Coverage. Ms. Johnson reported that her 11-year-old has no medical coverage. However, we found that the Johnsons qualify for the KidCare Assist Program, the state's subsidized child health insurance program. In fact, the family's cost for KidCare is \$0, allowing the Johnsons to maintain their budget while providing a vital benefit to the family. This illustrates the importance of ensuring families are aware of the benefits for which they are eligible.

"...So my [TANF] check and my work check, that was just the rent right there. But after I started working for that money, [IDHS] started seeing my stub; they cut me off talking about I made too much money...My food stamps were steady getting cut every month. So I had to leave my apartment."

Kisha, mother of one and pregnant, speaking at a CJC Focus Group

Food and Nutrition. Ms. Johnson earns \$22 too much each month to be eligible for food stamps. The family's reported grocery bill of \$150 per month is \$106 below the U.S. Department of Agriculture's 2001 Thrifty Food Plan for her family size and makeup.¹⁰ Clearly, the Johnsons are going without adequate food and nutrition because of their economic hardships.

Housing. Like the Parkers, the Johnsons pay \$650 in rent but indicate that they are not paying rent right now, suggesting that they either receive a housing subsidy or face the threat of eviction. If the Johnsons are in fact behind on their rent, their financial and personal well being is in serious jeopardy.

THE JOHNSONS' HOUSEHOLD BUDGET

Budget Table II: Single parent working 40 hrs/wk @ \$8/hr with one child age 11

	BARE MINIMUM BUDGET: If The Johnsons Relied Only On A Paycheck	CURRENT BUDGET: The Johnsons' Paycheck Plus All Of The Supports They Reported Receiving	MAXIMUM POTENTIAL BUDGET: If The Johnsons Accessed All Of The Supports Available
Monthly Income			
Net Wages	1054.76	1054.76	1054.76
Advance Earned Income Tax Credit (EITC)	—	—	84
TANF Cash Grant/Work Pays	—	—	—
Supplemental Security Income (SSI)	—	—	—
Child Support	—	—	10
Food Stamps	—	—	—
Other	0	0	0
Total Monthly Income	1054.76	1054.76	1148.76
Monthly Expenses			
Adult Medical Coverage (full coverage through job)*	0	0	0
Child Medical Coverage (KidCare eligible)	0	0	0
Rent	650	650	650
Utilities (electricity, phone, no gas)	200	200	200
Groceries	150	150	150
Transportation (rides from someone else is primary)	0	0	0
Child Care	0	0	86.66
School Breakfasts & Lunches (elig. for reduced meals)	0	0	0
Miscellaneous*	200	200	200
Total Monthly Expenses	1200	1200	1286.66
Surplus/Deficit Before Budgeting Tax Refunds	-145.24	-145.24	-137.9
Monthly Share of Federal Income Tax Refund*	—	233.77	191.15
Monthly Share of State Income Tax Refund	—	5.06	5.06
Final Balance If Family Budgeted Income Tax Refunds	-145.24	93.59	58.31

* 1) Full adult medical coverage through work is extremely atypical. 2) Miscellaneous includes clothing, shoes, paper products, cleaning products and household items, personal hygiene items, and nonprescription medicine. 3) The "maximum" federal tax refund includes the refundable Child Tax Credit, while the "current" refund does not. The "maximum" refund appears to be lower because of the Advance EITC.

MAXIMUM BUDGET SHORTFALL

sickness and emergencies
work hours missed due to illness
of adult or child
medical expenses not covered by insurance
medical or other financial emergencies

debt repayment

work-related expenses
uniforms
haircuts
co-workers' celebrations or fundraisers
an occasional lunch out



children's school expenses
school supplies
student bus fares to school
sports fees
field trips
school pictures

gifts

church contributions
gifts for birthdays and holidays

furniture

food beyond \$150/month

public transportation

THE CASTILLOS

THE CASTILLOS LOOK LIKE THEY'RE DOING WELL, BUT ARE THEY?

Ms. Castillo works 35 hours per week at \$12/hour to support herself and her two children, ages 4 and 9. Like Ms. Johnson, Ms. Castillo earns too much to be eligible for TANF or food stamps. Her wage is the highest full-time wage reported among working survey respondents and is significantly higher than the \$7 median wage of the state's welfare leavers.¹¹ However, Ms. Johnson's wage is 34 percent below the \$18.13 needed to support her family according to *The Self-Sufficiency Standard for Illinois*.¹² In fact, while Budget Table III shows that the Castillos' "current budget" and "maximum potential budget" offer relatively sizeable surpluses, it is important to note that the family is either significantly reducing or "doing without" some essential basics.

KEY ISSUES AND CONSIDERATIONS:

Income Tax Refunds. Like the Johnsons, the Castillos live in debt according to their "current budget," unless they strictly budget their annual income tax refunds every month. Most families do not budget their annual refunds but, instead, use them at the time of receipt to pay for one-time large purchases or outstanding bills.

Reduced or Absent Essentials. The Castillos manage with little food, a significantly low rent, below-average transportation and miscellaneous costs, and no phone. The family's \$200 grocery bill is \$125 below the bare minimum cost it takes to feed an average family of their size and makeup on the Thrifty Food Plan.¹³ In addition, their \$500 rent is \$288 lower than Cook County's fair market rent for a two-bedroom apartment – the minimum needed if the children share a bedroom.¹⁴ Ms. Castillo's transportation expenses are \$20 less than needed if she works five days per week. And, if she spent \$35 more for a CTA monthly pass,¹⁵ she would not have to limit her CTA use only

for her job commute, but could go to other necessary places like the grocery store and the children's day care and schools. In addition, the Castillos spend \$150 less on miscellaneous items than the \$200 median cost among working survey respondents. And finally, without any phone service, the family cannot make or receive calls related to medical or school emergencies and work, among other things. If we were to adjust the Castillos' "current" and "maximum potential" budgets based on all of these essential items (see Figure 1 below), the family would be in debt by about \$410 or \$3, respectively.

Medical Coverage. The Castillos' Transitional Medicaid ends after a year off TANF. If they don't find affordable health insurance through KidCare or work,¹⁶ their financial and personal well-being will be endangered in an emergency.

"...My [pay]check would never, I would never have anything if I get insurance. I don't know why they don't put me on the medical part of [TANF]."

Ruthie, 20-year-old with one child speaking at a CJC focus group

Missed Opportunity: Child Care. Not all child care providers accept the state's child care subsidy, as would appear to be the case in the Castillos' community. As a result, Ms. Castillo's current bill (\$500) is more than double the amount of her co-pay (\$190.65) if she could take advantage of the state's subsidized child care program. It is also notable that \$190.65 is still nearly 22 times the amount she would have to pay were she still on welfare (\$8.67).

FIGURE 1: BUDGET BALANCE ADJUSTMENTS

Budget Line Items	Current Budget	Maximum Potential Budget
Final Balances in Budget Table III	247.66	655.40
Additional Groceries (Thrifty Food Plan)	-125	-125
Additional Rent (fair market rate)	-288	-288
Additional Transportation (monthly pass)	-35	-35
Additional Miscellaneous (median)	-150	-150
Phone (workers' survey median)	-60	-60
Final Balances After Adjustments	-410.34	-2.60

THE CASTILLOS' HOUSEHOLD BUDGET

Budget Table III: Single parent working 35 hrs/wk @ \$12/hr with two children ages 4 and 9

	BARE MINIMUM BUDGET: If The Castillos Relied Only On A Paycheck	CURRENT BUDGET: The Castillos' Paycheck Plus All Of The Supports They Reported Receiving	MAXIMUM POTENTIAL BUDGET: If The Castillos Accessed All Of The Supports Available
Monthly Income			
Net Wages	1390.78	1390.78	1390.78
Advance Earned Income Tax Credit (EITC)	—	—	46
TANF Cash Grant/Work Pays	—	—	—
Supplemental Security Income (SSI)	—	—	—
Child Support	—	—	10
Food Stamps	—	—	—
Other	0	0	0
Total Monthly Income	1390.78	1390.78	1446.78
Monthly Expenses			
Adult Medical Coverage (via Medicaid)	0	0	0
Child Medical Coverage (via Medicaid)	0	0	0
Rent	500	500	500
Utilities (electricity, gas, no phone)	140	140	140
Groceries	200	200	200
Transportation (public transportation is primary mode)	40	40	40
Child Care (provider may not accept state subsidy)	500	500	190.65
School Breakfasts & Lunches (elig. for reduced meals)	0	0	0
Miscellaneous*	50	50	50
Total Monthly Expenses	1430	1430	1120.65
Surplus/Deficit Before Budgeting Tax Refunds	-39.22	-39.22	326.13
Monthly Share of Federal Income Tax Refund*	—	281.23	323.62
Monthly Share of State Income Tax Refund	—	5.65	5.65
Final Balance If Family Budgeted Income Tax Refunds	-39.22	247.66	655.40

* 1) Miscellaneous includes clothing, shoes, paper products, cleaning products and household items, personal hygiene items, and nonprescription medicine. 2) The "maximum" federal income tax refund includes the refundable Child Tax Credit, while the "current" refund does not.

MAXIMUM BUDGET SHORTFALL AFTER BUDGET BALANCE ADJUSTMENTS (see Figure 1 on opposite page)

sickness and emergencies
work hours missed due to illness
of adult or child
medical expenses not covered by insurance
medical or other financial emergencies

work-related expenses
uniforms
haircuts
co-workers' celebrations or fundraisers
an occasional lunch out



children's school expenses
school supplies
student bus fares to school
sports fees
field trips
school pictures

debt repayment

gifts
church contributions
gifts for birthdays and holidays

furniture

SAFETY NET

IS THERE A SAFETY NET TO HELP THESE FAMILIES SURVIVE A LAYOFF?

Without a long history of work experience, or transferable skills, welfare recipients are among the last hired and first fired. During the economic boom of the late 1990s, many struggled to find jobs within the bottom tiers of America's service sector, including the retail, hotel, restaurant, airline and temp industries now hardest hit by the economic downturn. Once seeking to fill entry-level jobs, employers are now imposing large layoffs. What's more, unemployment insurance is unavailable to many of these workers because they have not earned enough or worked long enough to qualify.¹⁷ Furthermore, local governments, that already felt burdened by their larger responsibilities under welfare reform, are facing revenue crises that mandate budget cuts, often shrinking or eliminating the very programs that would benefit the most vulnerable families.¹⁸ With few choices in this economy, these workers may have to return to welfare. As a result, families must wonder if the current safety net, unchanged to reflect the times, will provide any support for their safety and well being. Below, we offer the key survey results of 71 unemployed welfare recipients to illustrate the state of the current safety net. (Appendix E aggregates results of all unemployed surveys).

"I was working at Jackson Hewitt and [IDHS] cut me off. ...I lost the job and they still left me without money and food stamps. ...I was working there for four months...and you know Jackson Hewitt is seasonal as it is. ...I reapplied [for public aid] and you want to know where they sent me? To the [unemployment] office. I went to the [unemployment] office, and you know what happened? ...They said, 'public aid.'"

Marla, young mother of two, reflecting at a CJC focus group on her experiences after being laid off

Family Characteristics. Of the 71 unemployed survey respondents, 63 are single parents and six are part of a two-parent family. The remaining two respondents reported four parents in the household, which may suggest multiple families, or multiple generations of one family, living together. The majority of families (27) care for three children, and an equal distribution are raising either one child or two children (16 and 11 families, respectively). The remaining families support either four, five or six children. Of the 199 children reflected by the surveys, the majority (146) are 10-years-old or younger.

Amount of Welfare Checks. Nearly 60 percent of survey respondents receive less than the standard cash grant for their family size. Not uncommon, reduced cash grants are often the result of several TANF policies that change the amount of money families receive. For instance, the "family cap" denies additional aid to children born during a family's welfare receipt. Or, if parents fail to cooperate with TANF's strict work or administrative requirements, their family's welfare check will be reduced or cut entirely. In fact, one survey respondent reported receiving no welfare check at all. Conversely, 40 percent of respondents receive the maximum welfare allotment for their family size – but even they are only getting nominal income to survive (see Figure 2 below). In fact, Illinois has not increased its cash grant for more than ten years – a loss of more than 20 percent of its value.¹⁹

FIGURE 2: TANF CASH GRANT COMPARED TO FEDERAL POVERTY GUIDELINES

Countable Family Size	Monthly TANF Cash Grant (Maximum for Cook County) ²⁰	2001 Federal Poverty Guidelines (Monthly Figures) ²¹
Family of two	\$278	\$968
Family of three	\$377	\$1,219
Family of four	\$414	\$1,471
Family of five	\$485	\$1,723
Family of six	\$545	\$1,974
Family of seven	\$574	\$2,226

Receipt of Supplemental Security Income (SSI). The federal SSI program provides cash benefits to low-income persons with disabilities and persons over 65. Recent program changes strictly limit or eliminate SSI eligibility for children, drug- or alcohol-addicted adults, and non-citizens. In fact, only eleven survey respondents reported receiving SSI.²²

Child Support Payments. Sixty-six (66) of 71 survey respondents receive no child support. Seeking support is not an option for all families for reasons particular to each case, including the unemployment of, total absence of, or physical abuse by the non-custodial parent. Three respondents reported receiving \$50 per month in child support, reflecting the state's welfare and child support rules that "pass through" only \$50 of the current child support collected each month. The rest of the current support is kept by the state to reimburse it and the federal government for welfare assistance provided, often discouraging non-custodial parents from formally paying child support. In fact, two respondents receive \$200 and \$500 per month from their children's fathers through informal payment arrangements. It should be noted that these arrangements cannot be guaranteed without a court order, leaving the children dependent on a potentially erratic source of income.

Amount of Food Stamps. Food stamps are based on the U.S. Department of Agriculture's Thrifty Food Plan, which calculates the *bare minimum* families need for nutritious meals and snacks purchased at stores and prepared at home.²³ Ninety percent of unemployed survey respondents receive less than the maximum food stamp allotment for their family size. Like welfare checks, reduced food stamps are not uncommon due to the

complicated policies that govern allotment calculations. For instance, the amount of a family's assets, rent, utility expenses and child care costs, among other things, determine its food stamp eligibility and allotment. Furthermore, the amount of a family's food stamps may have a direct link with the amount of food and, ultimately, nutrition it gets, according to survey results. Nearly 70 percent of unemployed survey respondents reported grocery costs equal to their food stamp allotment. These families rely on their food stamps for all of their dietary needs, while receiving less than the bare minimum needed according to the Thrifty Food Plan. (Figure 3 below compares the USDA's Thrifty Food Plan to its Moderate-Cost Plan).

Medical Coverage. Only three unemployed survey respondents reported not having adult or child medical coverage. However, these results are significant. All three families receive welfare and should be eligible for Medicaid. Even if they were not receiving TANF, their income suggests that they are still eligible. System errors are most likely responsible for the dangerous predicament these families will face when medical attention is needed.

Earned Income. Only one respondent reported receiving additional income. S/he earns \$80 per month by baby-sitting.

Severely Reduced Expenses. As expected, the unemployed survey respondents reported significantly lower expenses than the employed respondents. If the Parkers, Johnsons or Castillos were in fact laid off, and had to return to welfare, they would have to severely reduce their already modest living costs, as shown on the following pages.

**FIGURE 3: THRIFTY FOOD PLAN* COMPARED TO MODERATE-COST PLAN
(BASED ON OCTOBER 2001 UPDATES)**

Family Size	USDA Thrifty Food Plan ²⁴ (Monthly Cost)	USDA Moderate-Cost Plan ²⁵ (Monthly Cost)
Family of four: couple, age 20-50 years, and children, age 2-5 years	397.40	612.30
Family of four: couple, age 20-50 years, and children, age 6-11 years	458.50	735.80

* Food Stamps are based on the USDA's Thrifty Food Plan

THE ALLENS

THE SAFETY NET CAN'T SUPPORT THE ALLENS DESPITE CURRENT AID

Ms. Allen cares for three children, ages 3, 4 and 7. The family relies on a welfare check and a reduced food stamp allotment as its sole income. Despite their minimal expenses, the Allens cannot make ends meet with the current safety net provided, as shown in Budget Table IV.

KEY ISSUES AND CONSIDERATIONS:

Welfare Time Limits. Every adult eligible for welfare faces a federal 60-month lifetime limit on cash assistance. Illinois adopted this rule in July 1997, and families whose "time clocks" have been ticking since then will be cut off of aid in July 2002. Unless Ms. Allen can take advantage of Illinois rules that "stop the clock" or provide time limit exceptions for specific hardships, she will run out of time and assistance.²⁶ The only way her children can receive continued aid after 60 months is to move out of Ms. Allen's home and receive cash assistance through a different guardian.

Welfare's Work Requirements. As a single parent, Ms. Allen must participate in defined work activities for at least 30 hours per week in order to receive aid for her family. If she fails to meet the required 30-hour participation rate, her family's welfare check will be reduced or cut entirely. In Illinois, the vast majority of parents satisfy this requirement through unpaid work. They perform job duties for 30 hours per week in exchange for their welfare check with no guarantees of being hired for a wage-paying position.

"I picked the work site that could benefit me and once I get that job, I'll be financially established. I'll have all the benefits I need to provide for my child..."

Dar, speaking at a CJC focus group, who has been working for her welfare check in a hospital for over a year waiting to be permanently hired

Inadequate Income. The Allens receive a maximum TANF cash grant for their family size, but it amounts to less than one-third of the federal poverty guidelines. The family's food stamps (\$395) have been reduced from the maximum allotment for their family size (\$452), most likely because of their low child care and rent costs. Because the Allen children are part of a food stamp and TANF assistance unit, they should be automatically enrolled for free meals through the National School Lunch Program and School Breakfast Program. However, the \$25 the family would save on school meals would not lift them out of debt.

Housing. The Allen's reported rent and utility expenses suggest that the family is "doubling-up" with another family in one apartment. Their unusually high utility expenses and extremely low rent suggest that Ms. Allen's rental agreement allows her to pay a small portion of the rent in exchange for full payment of the electricity and gas bills. An unstable living arrangement, Ms. Allen's reliance on another family for housing leaves her little control over lease agreements, utility prices, disputes, or financial and personal issues facing her roommates that could lead to formal or informal eviction. Given that Cook County's fair market rent for a two-bedroom apartment (\$788) is almost twice the amount of her current rent and utility expenses combined, the Allens risk homelessness if their current arrangement does not work.

Severely Reduced Expenses. The Allens' other expenses also sorely under-represent the real expenses of a family of four living in Chicago. Ms. Allen reported no miscellaneous expenses, compared to the unemployed surveys' \$110 median. She also pays no child care costs even though she has three young children and participates in work activities for 30 hours per week. Finally, the Allen's budget leaves no room for other living costs, such as her 7-year-old's school expenses, church contributions, furniture, or medical expenses not covered by Medicaid.

THE ALLENS' HOUSEHOLD BUDGET

**BUDGET TABLE IV: SINGLE PARENT, RAISING THREE CHILDREN
AGES 3, 4 AND 7, ON WELFARE AND FOOD STAMPS**

Monthly Income	
TANF Cash Grant	414
Supplemental Security Income (SSI)	0
Child Support	0
Food Stamps	395
Other	0
Total Monthly Income	809
Monthly Expenses	
Adult Medical Coverage (via Medicaid)	0
Child Medical Coverage (via Medicaid)	0
Rent	100
Utilities (electricity, gas, no phone)	330
Groceries	395
Transportation (public transportation is primary mode)	30
Child Care	0
School Breakfasts & Lunches (eligible for free meals)	25
Miscellaneous*	0
Total Monthly Expenses	880
Surplus/Deficit	-71

* Miscellaneous includes clothing, shoes, paper products, cleaning products and household items, personal hygiene items, diapers, and nonprescription medicine.

The Allens' financial reality is a sobering one, especially since they most closely resemble the typical family represented by the 71 unemployed surveys. Their household budget matches 13 out of 17 aggregate survey results, as shown below in Figure 4.

**FIGURE 4: AGGREGATE UNEMPLOYED SURVEY RESULTS
COMPARED TO THE ALLENS' SURVEY RESULTS**

Survey Results	The Allens' Match
1. Average Family Characteristics (single parent with three children; children under age 10)	✓
2. Reduced TANF Cash Grant (survey majority)	
3. No Supplemental Security Income (SSI) (survey majority)	✓
4. No Child Support (survey majority)	✓
5. Reduced Food Stamps (survey majority)	✓
6. No Other Income (survey majority)	✓
7. Adult Medical Coverage Provided Through Medicaid (survey majority)	✓
8. Child Medical Coverage Provided Through Medicaid (survey majority)	✓
9. Rent Totals \$125 (survey median)	✓*
10. Reported, "I Pay the Rent On My Own" (survey majority)	✓
11. Utilities Bill Totals \$0 (survey median)	
12. Grocery Bill Is The Same As Food Stamp Allotment (survey majority)	✓
13. Public Transportation Is Primary Mode of Transportation	✓
14. Transportation Costs Total \$40 (survey median)	✓*
15. Child Care Costs Total \$0 (survey median)	✓
16. Cost for School Breakfasts and Lunches Totals \$0 (survey median)	
17. Cost for Miscellaneous Items Totals \$110 (survey median)	

* The Allens' rent totals \$100, which is \$25 less than the survey median. We consider this a "category match," since the difference is nominal, and their costs associated with school meals (which are \$25 more than the survey median) "cancel out" the difference. We also consider the Allens' transportation costs a "category match" because they do not exceed the survey median, and are only \$10 below it.

CONCLUSION

The case studies provided in this report show that families remain impoverished despite their best efforts to meet the “work first” mandate of Illinois’ welfare program:

- Parents cannot make ends meet with their current wages or welfare incomes.
- The welfare system makes it difficult for families to access the supports needed to move out of poverty. Families’ low incomes often reflect reduced or absent assistance due to administrative errors, inadequate state policies, or work itself.
- Other assistance important for a family’s security and well-being is largely unavailable, like affordable housing and medical coverage.
- Low-income household expenses are modest, if not insufficient. Current and former welfare recipients subsist on “bare bone” budgets, doing without many of the things most of us take for granted.

Poverty is not simply a problem of work effort or financial creativity. Instead, families’ continued hardships result from a lack of resources and strategies that provide lasting solutions to poverty. *To aim for poverty reduction, Illinois’ public policies, and the federal rules that govern them, must provide and guarantee access to the following minimum supports, without regard to time limits:*

1. A level of income support that is at least sufficient to ensure adequate and decent housing, nutrition, and health care and reflects the cost of supporting a family in its specific area of residence;
2. Incentives to pay child support by “passing through” to families all of the child support collected from non-custodial parents;

3. Flexibility in welfare rules that meet the individual needs of recipients, whether they need career counseling and support, or intensive services to mitigate barriers related to skills deficits, disabilities, and domestic abuse;
4. Education and training to enhance parents’ skills and earning capacities;
5. Career counseling that focuses on the quality of initial jobs as well as opportunities for advancement to guarantee wage and benefit growth;
6. A range of maximized supports that help working families keep their jobs and move up in their careers – such as affordable and accessible child care, transportation allowances, comprehensive crisis assistance, and expanded health coverage;
7. Assistance that is transparent to and easily accessed by consumers through linked eligibility requirements and applications, and claim sites available throughout the community and during non-traditional hours;
8. Public/private partnerships that raise the minimum wage, enhance employee assistance programs, and provide career-ladder workplace training;
9. An expansion of unemployment insurance to protect new and low-income workers during layoffs; and finally,
10. Tax policies and asset accumulation strategies that secure families’ financial futures.

These provisions should not only be accessible, but also strongly endowed. We recognize that investments of public dollars are difficult at a time when the current recession has made local governments confront revenue shortfalls and the depletion of rainy day funds. But we believe it is the economic crisis that demands progressive planning. Illinois must make wise investments in its human capital to ensure that its most vulnerable citizens can take advantage of an economic boom and can withstand an economic downturn.

APPENDICES

APPENDIX A: UNEMPLOYED SURVEY INSTRUMENT**SURVEY****Unemployed Clients' Budgetary Profile**

Thank you for agreeing to participate in this *CONFIDENTIAL* survey.

_____ is a member of the Chicago Jobs Council, which is

Agency Name

conducting a brief survey to find out what families like yours receive and spend in a typical month. We hope to use this information to increase the services available to families on public aid who are working towards moving into work. When filling out the survey, please provide us with your **best estimates** if you don't know the exact amounts.

What is your family size? # of parents _____ # of children _____

What are the ages of your children? _____

INCOME

1. How much is your welfare check? \$ _____/month

2. How much do you get in SSI? \$ _____/month

3. How much do you get in child support? \$ _____/month

4. How much do you get in Food Stamps? \$ _____/month

5. What other income do you receive?
(e.g., through small side-jobs)

EXPENSES

6. Do you have health/medical coverage? ☐ Yes, through my public aid medical card.
☐ No, I don't have medical coverage.

7. Do your kids have medical coverage? ☐ Yes, through their public aid medical card.
☐ No, my kids don't have medical coverage.

8. How much do you pay towards rent? \$ _____/month

9. Do you pay the rent on your own or do you share the rent with another person or family? ☐ I pay the rent on my own.
☐ I share the rent with another person or family, and my share is \$_____/month.
☐ I'm not paying rent right now.

10. How much do you pay for utilities? (gas, electric, and telephone)	\$ ____/month (gas) \$ ____/month (electric) \$ ____/month (telephone)
11. How much do you spend on groceries?	\$ ____/month
12. What is your <i>primary</i> mode of transportation?	<input type="checkbox"/> I own a car. <input type="checkbox"/> I take the CTA. <input type="checkbox"/> I get rides from somebody else.
13. How much do you spend on transportation (like gas, car maintenance, CTA fares/passes)	\$ ____/month
14. How much do you spend on child care?	\$ ____/month
15. How much do you spend on school breakfasts and lunches for your kids?	
16. How much do you spend on miscellaneous things like clothing, shoes, paper products, cleaning products and household items, personal hygiene items, diapers, and nonprescription medicine?	\$ ____/month

THANK YOU FOR PARTICIPATING IN THIS SURVEY.

APPENDIX B: WORKING SURVEY INSTRUMENT**SURVEY****Working Clients' Budgetary Profile**

Thank you for agreeing to participate in this *CONFIDENTIAL* survey.

_____ is a member of the Chicago Jobs Council, which is
Agency Name
 conducting a brief survey to find out what working families like yours earn and spend in a typical month. We hope to use this information to increase the services available to working families trying to get off public aid. When filling out the survey, please provide us with your **best estimates** if you don't know the exact amounts.

What is your family size? # of parents _____ # of children _____

What are the ages of your children? _____

INCOME

1. How many paid jobs do you have?	
2. How many hours per week do you work?	_____ hours/week
3. How much do you earn per hour?	\$ _____/hour
4. How often do you get paid?	<input type="checkbox"/> Daily <input type="checkbox"/> Weekly <input type="checkbox"/> Bi-Weekly <input type="checkbox"/> Monthly
5. Did you receive the <i>Earned Income Tax Credit</i> during 1999?	<input type="checkbox"/> Yes, in one lump sum when I filed my taxes. <input type="checkbox"/> Yes, every pay period. <input type="checkbox"/> No
6. How much is your welfare check?	\$ _____/month
7. How much do you get in SSI?	\$ _____/month
8. How much do you get in child support?	\$ _____/month
9. How much do you get in Food Stamps?	\$ _____/month
10. What other income do you receive?	

EXPENSES

11. Do you have health/medical coverage? ☐ Yes, I have full coverage through my job.
☐ Yes, through my job, but I contribute \$_____/month.
☐ Yes, through my public aid medical card.
☐ No, I don't have medical coverage.
-
12. Do your kids have medical coverage? ☐ Yes, through my job.
☐ Yes, through their public aid medical card.
☐ Yes, through Kid Care.
☐ No, my kids don't have medical coverage.
-
13. How much do you pay towards rent? \$ ____ /month
-
14. Do you pay the rent on your own or do you share the rent with another person or family? ☐ I pay the rent on my own.
☐ I share the rent with another person or family, and my share is \$_____/month.
☐ I'm not paying rent right now.
-
15. How much do you pay for utilities? (gas, electric, and telephone) \$ ____ /month (gas)
\$ ____ /month (electric)
\$ ____ /month (telephone)
-
16. How much do you spend on groceries? \$ ____ /month
-
17. What is your *primary* mode of transportation? ☐ I own a car.
☐ I take the CTA.
☐ I get rides from somebody else.
-
18. How much do you spend on transportation (like gas, car maintenance, CTA fares/passes)? \$ ____ /month
-
19. How much do you spend on child care? \$ ____ /month
-
20. How much do you spend on school breakfasts and lunches for your kids? \$ ____ /month
-
21. How much do you spend on miscellaneous things like clothing, shoes, paper products, cleaning products and household items, personal hygiene items, diapers, and nonprescription medicine? \$ ____ /month

THANK YOU FOR PARTICIPATING IN THIS SURVEY

APPENDIX C: UNEMPLOYED FAMILY SURVEY RESULTS

- | | |
|--|--|
| 1. Total number of surveys completed/returned: | 71 |
| 2. Number of parents: | 1 parent household = 63
2 parent household = 6
4 parent household = 2 |
| 3. Number of children: | 16 respondents have one child
11 respondents have two children
27 respondents have three children
9 respondents have four children
4 respondents have five children
4 respondents have six children |
| 4. Children's Ages: | 0-2 = 34
3-6 = 51
7-10 = 61
11-14 = 32
15-17 = 12
18+ = 8
unreported = 1 |

Total # of children: 199

INCOME

- | | |
|---|---|
| 1. How much is your welfare check? | 41 received less than the standard, including
1 reporting no welfare check
28 received the standard for their family size
2 received more than the standard |
| 2. How much do you get in SSI? | 60 receive no SSI
1 receives \$336/month in SSI
2 receive \$477/month in SSI, for their sons
1 receives \$500/month in SSI
4 receive \$512/month in SSI
1 receives \$530/month in SSI
2 receive \$1,060/month in SSI |
| 3. How much do you get in child support? | 66 respondents receive no child support
3 respondents receive \$50/month
1 respondent receives \$200/month
1 respondent receives \$500/month |
| 4. How much do you get in Food Stamps? | \$0 = 3
\$100-200 = 10 less than max. = 64
\$201-300 = 14 equal to max. = 5
\$301-400 = 29 more than max. = 2
\$401-500 = 14
+ \$500 = 1 |
| 5. What other income do you receive?
(e.g., through small side-jobs) | • 70 respondents receive no other income.
• 1 respondent earns \$80/month baby-sitting. |

EXPENSES

6. Do you have health/medical coverage? (unanswered = 1)	67 are covered thru medical card. 3 do not have health/medical coverage.
7. Do your kids have medical coverage?	68 have kids covered thru medical card. 1 has kids covered thru KidCare. 2 have kids without health/medical coverage.
8. How much do you pay towards rent? (unanswered = 3)	\$0-100 = 30 \$101-200 = 11 \$201-300 = 9 \$301-400 = 6 \$401-500 = 6 \$501-600 = 5 \$1,253 in mortgage = 1
9. Do you pay the rent on your own or do you share the rent with another person or family? (unanswered = 1)	44 pay the rent on their own. 11 share the rent with another person or family. 15 are not paying rent right now.
10. How much do you pay for utilities? (gas, electric, and telephone) (unanswered = 6)	<u>Gas</u> \$0-50 = 51 including 1 reporting "shut off" \$51-100 = 7 \$101+ = 4
(3 respondents' utilities are included in rent)	<u>Electric</u> \$0-50 = 46 \$51-100 = 7 \$101+ = 9 <u>Telephone</u> \$0-50 = 37 \$51-100 = 17 \$101+ = 8
11. How much do you spend on groceries? (unanswered = 2)	48 pay the same as their food stamp amount. 21 pay more than their food stamp amount.
12. What is your <i>primary</i> mode of transportation? (double answers = 4) (unanswered = 1)	57 use public transportation. 10 get rides from somebody else. 7 own a car.
13. How much do you spend on transportation (like gas, car maintenance, CTA fares/passes)? (unanswered = 1)	\$0-50 = 45 \$51-100 = 19 \$101+ = 6
14. How much do you spend on child care? (unanswered = 5)	\$0-50 = 53 \$51-100 = 8 \$101+ = 5
15. How much do you spend on school breakfasts and lunches for your kids? (unanswered = 6)	52 spend nothing for school meals 3 spend \$1-\$10 on school meals 5 spend \$20-\$30 on school meals 1 spends \$60 on school meals 4 spend \$75 or more on school meals
16. How much do you spend on miscellaneous things like clothing, shoes, paper products, cleaning products and household items, personal hygiene items, diapers, and nonprescription medicine? (unanswered = 2)	\$0-100 = 31 \$101-200 = 23 \$201-300 = 9 \$301-400 = 2 \$401-500 = 2 \$501 + = 2

APPENDIX D: WORKING FAMILY SURVEY RESULTS

1. Total number of surveys completed/returned: **17**
2. Number of parents: 1 parent household = **10**
 2 parent household = **7**
3. Number of children: **3 respondents have one child**
 8 respondents have two children
 3 respondents have three children
 3 respondents have four children
4. Children's Ages: 0-2 = **2**
 3-6 = **7**
 7-10 = **13**
 11-14 = **9**
 15-17 = **3**
 18+ = **6**

Total # of children: 40

INCOME

- | | |
|--|---|
| 1. How many paid jobs do you have? | 13 respondents report having 1 paid job.
3 respondents report having 2 paid jobs.
1 respondent reports having 4 paid jobs. |
| 2. How many hours per week do you work? | 1 respondent works 45 hrs./week
8 respondents work 40 hrs./week
1 respondent works 38 hrs./week
3 respondents work 35 hrs./week
2 respondents work 30 hrs./week
1 respondent works 25 hrs./week
1 respondent works 8 hrs./week |
| 3. How much do you earn per hour? | \$5.15 • \$5.15 • \$5.15 • \$5.50 • \$6.00
\$6.50 • \$7.50 • \$7.50 • \$8.00 • \$8.25
\$9.50 • \$10.00 • \$10.00 • \$12.00
\$12.00 • \$12.00 • \$18.00 |
| 4. How often do you get paid? | 1 respondent is paid weekly.
15 respondents are paid bi-weekly.
1 respondent is paid monthly. |
| 5. Did you receive the Earned Income Tax Credit during 1999? | 5 received one lump sum after filing taxes.
3 received the EITC every pay period.
9 did not receive the EITC. |
| 6. How much is your welfare check? | \$0 • \$0 • \$0 • \$0 • \$0 • \$0 • \$0
\$0 • \$0 • \$0 • \$75 • \$189 • \$268
\$278 • \$377 • \$485 • \$485 |
| 7. How much do you get in SSI? | No respondent receives SSI. |
| 8. How much do you get in child support? | 16 respondents do not receive child support
1 respondent receives \$50/month (3 kids) |
| 9. How much do you get in Food Stamps? | \$0 • \$0 • \$0 • \$0 • \$0 • \$0 • \$0 • \$50 • \$70 • \$85
\$200 • \$278 • \$286 • \$335 • \$400 • \$482 • \$499 |
| 10. What other income do you receive? | No respondent receives other income. |

EXPENSES

11. Do you have health/medical coverage?	2 have full coverage through their job. 4 have coverage through their job, but contribute (\$100 • \$150 • \$200 • \$200)/month. 8 have coverage through medical card. 3 don't have any medical coverage.
12. Do your kids have medical coverage?	5 have kids covered through parent's job. 8 have kids covered through medical card. 2 have kids covered by KidCare. 2 have no coverage for their children.
13. How much do you pay towards rent?	\$0 • \$13 • \$200 • \$250 • \$375 • \$390 • \$400 • \$450 \$500 • \$650 • \$650 • \$720 • \$760 • \$780 • \$840 \$920 • \$960
14. Do you pay the rent on your own or do you share the rent with another person or family?	13 pay the rent on their own. 1 shares rent with another person or family. 3 are not paying rent right now.
15. How much do you pay for utilities? (gas, electric, and telephone)	GAS \$0 • \$0 • \$0 • \$0 • \$0 • \$0 • \$25 • \$30 \$40 • \$45 • \$60 • \$80 • \$80 • \$100 \$100 • \$150 • \$150 ELEC \$0 • \$0 • \$27 • \$30 • \$40 • \$40 \$40 • \$40 • \$40 • \$44 • \$45 • \$50 • \$50 \$50 • \$60 • \$100 • \$129 PHONE \$0 • \$0 • \$0 • \$0 • \$40 • \$40 • \$50 • \$60 \$60 • \$60 • \$65 • \$70 • \$75 • \$86 \$100 • \$100 • \$150
16. How much do you spend on groceries? (unanswered = 1)	4 pay the same as their food stamp amount. 12 pay more than their food stamp amount.
17. What is your primary mode of transportation?	5 own a car. 10 take public transportation. 2 get rides from somebody else.
18. How much do you spend on transportation (like gas, car maintenance, CTA fares/passes)	\$0 • \$0 • \$35 • \$40 • \$50 • \$50 • \$75 • \$75 • \$75 \$75 • \$75 • \$80 • \$80 • \$100 • \$100 • \$150 • \$200
19. How much do you spend on child care?	\$0 • \$0 • \$0 • \$0 • \$0 • \$0 • \$0 • \$0 • \$0 • \$0 • \$0 \$0 • \$0 • \$100 • \$100 • \$380 • \$500
20. How much do you spend on school breakfasts and lunches for your kids?	9 respondents do not pay for school meals. 1 respondent pays \$10/month. 1 respondent pays \$35/month. 1 respondent pays \$50/month. 1 respondent pays \$60/month. 3 respondents pay \$100/month. 1 respondent pays \$200/month.
21. How much do you spend on miscellaneous things like clothing, shoes, paper products, cleaning products and household items, personal hygiene items, diapers, and nonprescription medicine?	\$0 • \$50 • \$50 • \$100 • \$100 • \$125 • \$150 \$200 • \$200 • \$300 • \$350 • \$400 • \$400 \$400 • \$500 • \$500 • \$600

APPENDIX E: TANF FOCUS GROUP QUESTIONS

1. Briefly introduce yourself, using a name you desire, and include information about your living situation, number of children, amount of time on TANF, and amount of time employed.
2. Have you managed to meet your housing, food, clothing, medical, and emergency expenses on your TANF or employment income?
 - a. Have you had to deny yourself or your family food or health care, or have you had to withhold rent to meet other living expenses?
 - b. Have you lost or never received cash, food stamp, or medical assistance you think you should have?
 - c. Has some unexpected cost or change in income ever resulted in the loss of your job, housing, or schooling?
3. What do you think you need or needed to get a good job with a good wage?
 - a. Did/does your caseworker and responsibility and services plan help you get what you need(ed)?
 - b. Do you think your caseworker had/has the resources to help you with your needs?
 - c. Did/do you want to enter an education or training program and was/is your caseworker supportive of your interest?
 - d. Was/is your caseworker responsive to any special needs you may have/had, for example, domestic violence or substance abuse services, special health care needs in your family, reading, English or educational assistance?
4. Have you lost a job while a TANF recipient or after leaving the TANF program?
 - a. What did you do to recover the loss of income and how did your caseworker help?
 - b. What might have helped you stay on the job or perform better?
 - c. Do you have anyone/where you can go to for career advice or to learn new job skills?
5. What supports or services do you think would help you get a job, or a better job?
 - a. What kinds of supports or services do you think would help you keep or advance in your job?
 - b. Have you found the Earned Income Tax Credit, Food Stamps, Medicaid, KidCare, child support, school or training grants available and helpful for you?
 - c. Does your employer provide any of these supports or services you have identified?
6. Reducing the caseload is the primary way the TANF program is determined to be successful. Do you think there are other ways to measure the success of the TANF program?
 - a. Have you made progress in your efforts to get and keep a job and did/does your caseworker recognize these efforts?
 - b. Should the TANF program support you until you find employment that allows you to meet all your basic expenses (food, clothing, shelter, health care)?
 - c. Was TANF assistance easy for you to apply for and receive?
 - d. Why should the government provide a welfare program?

APPENDIX F: BUDGET CALCULATION METHODOLOGY

Following are explanations of the budget table line items, as well as the methodology used to make all income, expense, and income tax refund calculations for the case studies' "*maximum potential budget*" (the other two budget columns reflect families' survey responses). The methodology pertains only to the working family case studies since the unemployed budget table solely reflects survey responses and no other calculations.

INCOME

Net Wages: We reduced gross wages, (which reflect a four-week month and the wages and work hours reported by survey respondents), by 7.65% FICA as well as state and federal income tax withholding. State income tax withholding is based on wage bracket tax tables included in the Illinois Department of Revenue Booklet IL-700-T. Federal income tax withholding is based on wage bracket tax tables included in the IRS Publication 15, Circular E. When determining the appropriate state and federal withholding in each budget scenario, both the working adult and his/her child(ren) were claimed as withholding allowances (i.e., exemptions) since single parents head all highlighted households and the oldest child among all highlighted families is 14. Because all three highlighted workers reported a bi-weekly payroll period, we used state and federal bi-weekly tax tables in all cases. We then multiplied bi-weekly withholding data by two, in order to cover the period of a four-week month. Because surveys were collected during two different tax years, the report assumes that all working surveys reflect continued employment in 2001 at the same wages and work hours. Consequently, all tax withholding data are based on 2001 tax regulations.

Advance Earned Income Tax Credit (AEITC): The Earned Income Tax Credit (EITC) is a federal tax refund intended to offset the loss of income from taxes owed by working poor families. It can be applied to a family's annual federal income tax refund in a lump sum or to a head-of-household's regular paycheck in incremental, prorated advances. The survey instrument does not ask respondents to report the amount of EITC received in previous years. Rather, the survey asks whether families had received an EITC for the previous tax year, and if so, whether they received it in a lump sum when they filed their taxes or through paycheck advances every payroll period. None of the three highlighted families reported receiving the Advance EITC through payroll. However, because the Advance EITC boosts needed monthly income, we determined the advanced credit for all three families. All Advance EITC calculations are based on AEITC tables included in the IRS Publication 15, Circular E, using the Wage Bracket Method for single heads-of-households. Because all three highlighted workers reported a bi-weekly payroll period, we used bi-weekly Advance EITC tax tables in all cases. We then multiplied bi-weekly Advance EITC data by two, in order to cover the period of a four-week month. Again, because surveys were collected during two different tax years, the report assumes that all working surveys reflect continued employment in 2001 at the same wages and work hours. Consequently, all Advance EITC calculations are based on 2001 tax regulations.

TANF Cash Grant/Work Pays: Illinois allows families who have moved from welfare to work an earnings disregard, called Work Pays, which reduces a family's cash grant by \$1 for every \$3 earned. Work Pays supports a new worker's transition off welfare and encourages gradual increases in income through work. Once a family's gross monthly earnings equal or exceed three times its cash grant, the family becomes ineligible for TANF (as did two of the three case studies). Accordingly, TANF cash grant calculations for the three case studies are based on subtracting one-third of each family's gross monthly income from the maximum cash grant allotment allowed each family [i.e., maximum cash grant – (gross monthly income ÷ 3)]. We used maximum cash grant allotments, based on the number of family members reported on the survey, because the survey instrument does not capture variables that would further reduce a family's cash assistance, such as sanctions, family caps, or children and adults not included in the TANF grant.

Supplemental Security Income (SSI): The federal SSI program provides cash benefits to low-income persons with disabilities and persons over 65. Program changes strictly limit or eliminate SSI eligibility for children, drug- or alcohol-addicted adults, and non-citizens. In fact, no working family surveyed reported receiving SSI. Because the survey instrument only asks families if they receive income from SSI, but does not gather information to determine if any family member is eligible, the report assumes that no family member is eligible and includes no additional calculations in any of the case studies.

Child Support: None of the highlighted working families reported receiving child support. However, child support payments reduce the amount required for a family to meet its needs. While seeking payments is not an option for all families, this report shows that all three highlighted families, each headed by a single parent, could be eligible for child support. Because the survey instrument did not gather information to determine the amount of child support due each family (i.e., the non-custodial parent's net income), the amount shown in the budget scenarios represents a minimum payment for which they would be eligible based on relevant state law.

Depending on whether families continue to receive a TANF cash grant, different child support determinations were made. For example, the working family that still receives TANF is eligible for at least \$50 in child support. State rules governed by the Illinois Department of Human Services (IDHS) and the Illinois Department of Public Aid's (IDPA's) Division of Child Support Enforcement stipulate that families on TANF receive only a \$50 "pass-through" of the current child support collected each month.¹ (The rest of the current support is kept by the state to reimburse it and the federal government for cash assistance provided).

¹ There is an obscure exception to this rule for working TANF families, which allows them to receive more of the child support collected before their income makes them ineligible for TANF, but we only calculated a minimum \$50 pass-through, given that the survey did not capture the non-custodial parent's net income.

For the two other working families whose earnings make them ineligible for TANF, we indicate a \$10 child support payment. Again, because of the survey instrument's limitations (i.e. it did not capture the non-custodial parent's net income), we investigated data sources to determine a minimum child support payment relevant to families not on TANF. In fact, state law requires that, in all child support cases brought under the Parentage Act, judges must order payment of at least \$10 per month.² (It is important to note that judges can garnish a minimum of 20 percent of the non-custodial parent's wages if s/he is working).

Food Stamps: Food stamps are not a cash subsidy, and do not cover all of the items that appear on a typical grocery bill. Instead, the allotments awarded to families appear on their "Link" debit cards and represent the amount of money the federal government will pay for particular grocery items, which do not include non-foodstuffs such as diapers, soap, toothpaste, toilet paper, cleaning supplies, alcohol or cigarettes. Two of the three families in the case studies are ineligible for food stamps because of their earned income. The other family is eligible, but receives a reduced allotment. When calculating a new allotment for this family's "maximum potential budget," we determined the amount it would receive if it were receiving child support and a corrected TANF cash grant, and paying its rent and the child-care co-pay we added. We also considered other variables that affect food stamp budgeting, such as earned income and utilities expenses (which qualified the family for the Air Conditioning/Heating Standard, as opposed to the Electricity Standard). Furthermore, based on the results of the family's survey, we made calculations assuming that the food stamp unit (i.e., family) did not have a "qualifying member" (i.e., an adult 60 years old or over, or a member receiving Supplemental Security Income, among other things). Finally, we used food stamp rates increased as of October 1, 2001.

Other: The survey instrument asks an open-ended question regarding whether the family receives any other income, allowing for reporting of additional income from fee-for-services activities such as baby-sitting. No working family reported any other income, as indicated in each case study budget.

EXPENSES

Adult Medical Coverage: All three highlighted families reported having health insurance; two receive it through Medicaid, and one receives full coverage through work. Accordingly, the costs associated with medical coverage appear as \$0 in each budget scenario. However, it is important to note that this line item does not account for hidden medical expenses, such as co-pays for doctor or emergency room visits and prescription medicine, or other costs not covered by respective insurance plans, including dental care. Families must pay for these hidden expenses out of any surplus at the end of the month.

² Cases brought under the Parentage Act are cases under which a father-child relationship is established if the child's parents were not married to each other. There are no comparable requirements for judges in divorce proceedings or for hearing officers in administrative proceedings. The survey instrument did not gather information on father-mother-child relationships, but we assume families qualify under this law in order to offer a minimum amount of child support other than \$0.

Child Medical Coverage: Two of the three case studies show families reporting health insurance for their children through Medicaid. As a result, the costs associated with medical coverage appear as \$0 in each of the two budget scenarios. However, one case study shows a working parent reporting no medical coverage for his/her 11-year-old. Because of the important benefits of child medical coverage, we calculated the amount of this family's co-pay if it enrolled in the state's subsidized child health insurance program, KidCare. To determine KidCare income eligibility, we subtracted from the parent's \$1,280 gross monthly income a total of \$290 in income exemptions (\$90 for working and \$200 for child care). The remaining \$990 of income qualified the family for the KidCare Assist program, which costs the family \$0 per month. Again, it is important to note that this line item does not account for hidden medical expenses, such as co-pays for doctor or emergency room visits and prescription medicine, or other costs not covered by respective insurance plans, including dental care. Families must pay for these hidden expenses out of any surplus at the end of the month.

Rent: To accurately reflect each survey's results, we indicate the rent reported by each highlighted family even though some of these figures fall below market rates. However, in each case study narrative, we compare each rent figure to recent market rates and discuss the implications of low rent expenses (e.g., housing subsidy receipt or meager living conditions). In addition, the survey instrument allows respondents to report whether they pay rent on their own, share rent costs, or do not currently pay rent. One of the highlighted families reported paying rent on their own. Two reported that they are not currently paying the rent bills detailed on their surveys. In the relevant case study narratives, we discuss which families reported not paying rent and consider the implications of those scenarios (e.g., threat of eviction).

Utilities: The utilities line item includes a total amount for separate telephone, electricity and natural gas expenses. We only indicate the utilities reported by each highlighted family, and include a parenthetical note in each budget table to reflect whether it pays all three of these utilities or only one or two. (One case study's note shows that they do not pay for gas, suggesting that it is included in the rent or that the gas has been shut off). We do not include in any of the budget tables subsidies from the Low Income Home Energy Assistance Program (LIHEAP) because LIHEAP provides only a one-time benefit to eligible households to pay for winter energy services. As a result, a family's reported utility costs more accurately represent a typical month's expenditures than any reduced costs calculated with LIHEAP subsidies in mind. Finally, it is also important to note that crisis assistance provided by the Illinois Department of Human Services does not apply to utilities, despite popular belief.

Groceries: The groceries line item includes the costs for food products. Other items that may appear on a typical grocery list or bill – such as paper products, cleaning products and household items, personal hygiene items, diapers, and nonprescription medicine – are included in the miscellaneous line item. When indicating groceries in each budget, we note separately both the expenses reported by each highlighted family as well as

any applicable expense adjustments we made based on calculated Food Stamp increases. In other words, when we calculated increased Food Stamp allotments for which families were eligible but did not access, we increased grocery expenses to match the new Food Stamp allotment. This adjustment is based on the results from 87 working and unemployed survey respondents: all survey respondents but one, who did not answer the grocery expense question, reported food costs equal to or higher than their Food Stamp allotment. It should be noted, however, when families reported higher grocery expenses than their Food Stamp allotment, and newly calculated food stamps were still less than the reported grocery bill, we maintained the higher grocery expense.

Transportation: Transportation expenses in each case study reflect the costs reported on each highlighted survey. We include a parenthetical note in each budget table to reflect the primary mode of transportation used by each family. We do not indicate any transportation subsidies available through the Illinois Department of Human Services because the case studies reflect continued, regular employment. The Department only covers transportation expenses for employed TANF clients who have not yet received their first paycheck. Ongoing job-related transportation expenses are covered under the Work Pays income disregard.

Child Care: While two of the three case studies show that families are not incurring child care expenses, we calculated their co-pay for the state's child care subsidy program. Our rationale for these calculations considers both the personal well-being of the child(ren) and the financial well-being of the potential caretaker offering their services for free. In fact, both state and federal programs (e.g., KidCare and food stamps, respectively) reward families for providing their kids with child care by allowing child care expense deductions during eligibility assessments. These programs recognize that center care is more reliable than more informal arrangements. Furthermore, the family who does report child care expenses would save over \$300 by using the state's child care subsidy program. *(Please note that Illinois' governor has proposed to increase child care co-payment rates due to reduced subsidies caused by the state's budget crisis. The co-payment rates included in this report reflect current co-pay rates, which may increase in the coming months).*

School Breakfasts & Lunches: All three highlighted families reported no costs associated with their child(ren)'s school breakfasts and lunches. Children in one of the three case studies are categorically eligible, and are automatically enrolled, for free meals through the National School Lunch Program and the School Breakfast Program, as indicated on the respective budget table. This is because they are in a food stamp household and are also part of their family's TANF assistance unit. In the other two case studies, children are eligible for reduced school lunch and breakfasts based on their parents' incomes. However, the survey instrument does not gather information on what school the children attend. Because the amount of reduced meals depends on the school the children attend, we were unable to make these calculations. As a result, we maintained the \$0 cost associated with these meals across the budget tables.

Miscellaneous: The miscellaneous expense line item includes clothing, shoes, paper products, cleaning products and household items, personal hygiene items, diapers, and nonprescription medicine. Data included in each budget scenario reflect the amount reported on each survey. No other additional calculations were made.

SURPLUSES/DEFICITS PRIOR TO AND AFTER BUDGETING TAX REFUNDS

The budget tables intentionally separate federal and state income tax refunds from the initial monthly balances, not to deny the significance of tax policies like the Earned Income Tax Credit as an anti-poverty strategy, but because most families do not budget their annual refunds. Instead, most families use their annual refunds at the time of receipt to pay for one-time large purchases or outstanding bills. Below is the methodology for calculating federal and state income tax refunds.

Federal Income Tax Refund: The Center for Law & Human Services (CLHS) calculated all federal income tax refunds, using information we provided regarding families' income through wages, TANF, food stamps and the Advance Earned Income Tax Credit, as well as expenses for child care. CLHS considered families' taxable income, gross and net income tax, child care credit, and rate reduction credit. Because CLHS provided annual figures, we divided them by 52 weeks and multiplied them by 4 to come to a 4-week monthly share. All told, the total refund amount reflects the monthly share of: federal tax withholdings due back to the family; the Earned Income Tax Credit (EITC) minus the prorated sum of the Advance EITC; and the refundable Child Tax Credit (CTC) when applicable. (The Parkers, whose budget reflects the minimum wage, are ineligible for the CTC. It should also be noted that the survey did not ask about the CTC, which is why we did not include it in the "current" budget's federal income tax refund). Because surveys were collected during two different tax years, the report assumes that all working surveys reflect continued employment in 2001 at the same wages and work hours. As a result, the calculations are based on the 2001 tax year.

State Tax Refund: The Center for Law & Human Services (CLHS) also calculated all state income tax refunds, using information we provided regarding families' income through wages, TANF, food stamps and the Advance Earned Income Tax Credit, as well as expenses for child care. CLHS considered families' taxable income, gross and net income tax, and the non-refundable state Earned Income Tax Credit. Because CLHS provided annual figures, we divided them by 52 weeks and multiplied them by 4 to come to a 4-week monthly share. All told, the total refund amount reflects the monthly share of the state tax withholding due back to the family (i.e., payroll withholdings minus their net income tax).

ENDNOTES

- ¹ If a state's caseload has fallen 50 percent or more since 1995, as has Illinois', the caseload reduction credit is 50 percent or more. As a result, the state's required work participation rate would be reduced from 50 percent to zero. See Parrot, S., et al. 2002. "Administration's TANF Proposals Would Limit – Not Increase – State Flexibility," Center on Budget and Policy Priorities.
- ² Pearce, D. 2001. "The Self-Sufficiency Standard for Illinois," Wider Opportunities for Women in collaboration with Women Employed. Wages reflect Chicago living costs, excluding high cost areas, and indicate the minimum income needed to satisfy basic needs without relying on public or private assistance. Women Employed provided supplemental information to illustrate Ms. Parker's self-sufficient wage, since the standard publication does not include examples of her particular family size and make up.
- ³ Illinois welfare rules "stop the clock" on the federal 60-month welfare time limit when single parents work in a paid job for at least 30 hours per week.
- ⁴ Carnavale, A. and Desrochers, D. 1999. "Getting Down to Business: Matching Welfare Participant's Skills to Jobs that Train," Educational Testing Service.
- ⁵ Spalter-Roth, R. and Hartman H. 1997. "Increasing Working Mothers' Earnings: Education and Training Under Welfare Reform," *Welfare Reform News*. August-September 1997, p. 4.
- ⁶ University of Illinois at Chicago, The Urban Institute and Applied Real Estate Analysis, Inc. 1999. "For Rent: Housing Options in the Chicago Region," prepared for the Metropolitan Planning Council.
- ⁷ Dworkin, J. 2000. "Families Hardest Hit: Effects of Welfare Reform on Homeless Families," Chicago Coalition for the Homeless in collaboration with the National Welfare Monitoring and Advocacy Partnership.
- ⁸ Lewis, D., et al. 2000. "Work, Welfare and Well-Being: An Independent Look at Welfare Reform in Illinois," University Consortium on Welfare Reform.
- ⁹ Pearce, D. 2001. "The Self-Sufficiency Standard for Illinois," Wider Opportunities for Women in collaboration with Women Employed. Wages reflect Chicago living costs, excluding high cost areas, and indicate the minimum income needed to satisfy basic needs without relying on public or private assistance. Women Employed provided supplemental information to illustrate Ms. Johnson's self-sufficient wage, since the standard publication does not include examples of her particular family size and make up.
- ¹⁰ U.S. Department of Agriculture. October 2001. "Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average," www.cnpp.usda.gov. The basis is that all meals and snacks are purchased at stores and prepared at home.
- ¹¹ Lewis, D., et al. 2000. "Work, Welfare and Well-Being: An Independent Look at Welfare Reform in Illinois," University Consortium on Welfare Reform.
- ¹² Pearce, D. 2001. "The Self-Sufficiency Standard for Illinois," Wider Opportunities for Women in collaboration with Women Employed. Wages reflect Chicago living costs, excluding high cost areas, and indicate the minimum income needed to satisfy basic needs without relying on public or private assistance. Women Employed provided supplemental information to illustrate Ms. Castillo's self-sufficient wage, since the standard publication does not include examples of her particular family size and make up.
- ¹³ U.S. Department of Agriculture. October 2001. "Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average," www.cnpp.usda.gov. The basis is that all meals and snacks are purchased at stores and prepared at home.
- ¹⁴ Paral, R. 2001. "2001 Report on Illinois Poverty," Illinois Poverty Summit. Fair market rent data are from the U.S. Department of Housing and Urban Development. Our report assumes that the parent and children do not share the same bedroom.
- ¹⁵ In fact, \$75 is the median cost for transportation among working survey respondents.
- ¹⁶ In his Fiscal Year 2003 proposed budget, Illinois' governor has proposed to offer health insurance, called Family Care, to low-wage, uninsured working parents of children enrolled in KidCare. Since this program has not been officially approved or initiated, the report does not offer Family Care as an option for low-income parents.
- ¹⁷ In order to be eligible for unemployment insurance, workers must have earned at least \$1,600 during a recent 12-month period known as the "base period," and must have substantial earnings in two of the four countable quarters.
- ¹⁸ Conservative estimates of Illinois' current revenue shortfall total \$500 million. Illinois' governor has proposed state budget cuts affecting low-income families that would result in decreased child care subsidies, increased child care co-pays, increased Medicaid co-pays, and the elimination of early education funding.
- ¹⁹ Paral, R. 2001. "2001 Report on Illinois Poverty," Illinois Poverty Summit. The loss of value of the TANF cash grant is based on inflation rates between 1993 (when the last increase occurred only for families of two and three members) and 2000. It should be noted that Illinois' governor has proposed, in his Fiscal Year 2003 budget, to increase TANF cash grant levels for all families and children by 10 percent. However, this budget proposal has not yet been approved.
- ²⁰ Illinois Department of Human Services' Worker's Action Guide (WAG 25-03-05, 7/01/99)
- ²¹ *Federal Register*, Vol. 66, No. 33, February 16, 2001, pp. 10695-10697.
- ²² No working surveys reported SSI receipt. The eleven unemployed survey respondents who report SSI receipt suggest the barriers to employment when disabled, or when caring for a disabled child, while trying to cooperate with TANF's work requirements.
- ²³ *Thrifty Food Plan*, 1999, Executive Summary, CNPP-7A, USDA, Center for Nutrition Policy and Promotion.
- ²⁴ Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, October 2001. www.cnpp.usda.gov. The basis is that all meals and snacks are purchased at stores and prepared at home.
- ²⁵ Ibid.
- ²⁶ Illinois "stops the clock" on the federal 60-month welfare time limit when: 1) adults work a paid job for a specific number of hours per month; 2) single adults keep at least a 2.5 grade point average when attending college full-time up to 36 months; or 3) adults are caring for a disabled spouse or child. In addition, federal law allows states to provide time limit exceptions to 20 percent of their current caseload if those families are experiencing "hardships," as defined by each state. The Illinois Department of Human Services (IDHS) recently defined its reasons for granting hardship exceptions, which include: 1) the client has an application for Supplemental Security Income (SSI) pending, and IDHS determines the client is probably eligible for SSI; 2) the client has a medical barrier that prevents her from working a paid job for at least 30 hours per week; 3) the client is in an approved education and training program that will be completed in six months or less after the client's 60th month on cash assistance; 4) the client is involved in an intensive service program to overcome personal employment barriers that preclude her from working a paid job for at least 30 hours per week; 5) the client has a severely disabled child approved for a waiver under the Home & Community Based Care Program; or 6) the client must care for a disabled spouse or child and therefore cannot work a paid job for at least 30 hours per week. IDHS will consider written requests no earlier than a client's 57th month, and will periodically review each exception case to determine whether the client remains eligible.

ABOUT CJC

Founded in 1981, the Chicago Jobs Council (CJC) is a membership organization that works to increase job opportunities for all city residents, with an emphasis on those in poverty, racial minorities, the long-term unemployed, women and others who experience systemic exclusion from employment and career mobility. With 18 original members, CJC has grown to include 100 community-based organizations, civic groups, businesses and individuals committed to helping disadvantaged Chicagoans gain access to the jobs and training they need to enter the labor market, secure stable employment at a living wage, and pursue sustainable careers.

CJC pursues its mission through advocacy, applied research, public education and capacity-building initiatives focused on influencing the development or reform of public policies and programs. Our work is grounded in the perspectives of our members, who contribute their expertise as direct service practitioners, advocates, researchers and employers. Our efforts are also guided by the results of demonstration projects that test innovative solutions to pressing employment problems. By organizing members and other interested parties around workforce development, welfare reform, economic and community development issues, CJC fosters dialogue and cooperative strategies that effect change.

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Chicago Jobs Council

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